



GOVERNOR'S OFFICE OF  
BUDGET AND PROGRAM PLANNING

## Fiscal Note 2011 Biennium

<b>Bill #</b>	HB0619	<b>Title:</b>	Sudan divestment act
<b>Primary Sponsor:</b>	Jopek, Mike	<b>Status:</b>	As Introduced

- |   |  |  |
|---|--|--|
| <input type="checkbox"/> Significant Local Gov Impact     | <input type="checkbox"/> Needs to be included in HB 2  | <input checked="" type="checkbox"/> Technical Concerns   |
| <input type="checkbox"/> Included in the Executive Budget | <input type="checkbox"/> Significant Long-Term Impacts | <input type="checkbox"/> Dedicated Revenue Form Attached |

### FISCAL SUMMARY

	<u>FY 2010 Difference</u>	<u>FY 2011 Difference</u>	<u>FY 2012 Difference</u>	<u>FY 2013 Difference</u>
<b>Expenditures:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Revenue:</b>				
General Fund	\$0	\$0	\$0	\$0
<b>Net Impact-General Fund Balance:</b>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**Description of fiscal impact:** This bill requires the Board of Investments to divest from certain investments in certain companies that conduct certain business activities in Sudan or with the government of Sudan. The Department of Commerce and the Board of Investments are unable to quantify the potential fiscal impacts of this bill.

### FISCAL ANALYSIS

#### Assumptions:

#### **Department of Commerce (DOC)**

#### Board of Investments

1. This bill imposes investment restrictions and additional reporting requirements on the management of pension funds by the Board of Investments.
2. It is not possible to estimate the long-term costs of this legislation relative to board staff time and potential lost income to the pension funds. Unless a private contractor is hired to conduct the investigation and reporting requirements of this legislation, board staff will be diverted from investment-related duties to investigating foreign companies and preparing the required reports.
3. There would be transaction costs involved in any divestiture action and replacing divested stock with suitable replacement investments to ensure proper diversification of pension funds.

**Technical Notes:**

1. It may be difficult to obtain the types of information required by this legislation from accurate, reliable, and independent sources. Any company subject to the requirements of the legislation would likely trade on foreign exchanges where detailed information of its “on the ground” activities may not be available.

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*Sponsor's Initials*

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*Date*

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*Budget Director's Initials*

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*Date*